

TEACHERS' RETIREMENT BOARD

INVESTMENT COMMITTEE

SUBJECT: Approval of Minutes of the January 13, 1999
Investment Committee, Open Session

ITEM NUMBER: 3

ATTACHMENT(S): 1

ACTION: X

DATE OF MEETING: February 3, 1999

INFORMATION: _____

PRESENTER(S): Chairperson

Proposed minutes of the Investment Committee Meeting held in open session January 13, 1999 are submitted on the following pages.

**PROPOSED
MINUTES OF THE
INVESTMENT COMMITTEE MEETING
OF THE
STATE TEACHERS' RETIREMENT SYSTEM
JANUARY 13, 1999
OPEN SESSION
ROBYN D. MILLER BOARD ROOM
7667 FOLSOM BOULEVARD
SACRAMENTO, CALIFORNIA**

COMMITTEE MEMBERS PRESENT

Gary Lynes, Chairperson
Yvonne Gallegos Bodle
George Fenimore
Marty Mathiesen
Lillian Raffel
Emma Zink
Fred Buenrostro, representing State Controller
Kathleen Connell
Richard Whitmore, representing Superintendent
of Public Instruction, Delaine Eastin
Phil Angelides, State Treasurer
Floyd Shimomura, representing State Director
of Finance, Tim Gage

ALSO PRESENT

James Mosman, Chief Executive Officer
Patrick Mitchell, Chief Investment Officer
Elleen Okada, Director of Investment Admin. and External Relations
Chris Waddell, Chief Counsel
Chris Drevalas, Treasury Program Manager
Doug Wills, Staff Counsel
Steven Tong, Director of Internal Equities
Mitch Pleis, Director of Real Estate
Michelle Cunningham, Director of Fixed Income
Real Desrochers, Director of Alternative Investments
Richard Rose, Investment Officer
Paul Shantic, Investment Officer
Allan Emkin, Pension Consulting Alliance
Doug Le Bon, Pathway Capital Management
Nori Gerardo Lietz, Pension Consulting Alliance
Craig Vought, Spieker Properties
Vance Maddocks, CB Richard Ellis
Owen Thomas, Morgan Stanley & Co. Incorporated
Edna White, California Retired Teachers' Association
Beverly Carlson, California Teachers' Association
Ellen Logue, Californian Teachers' Association, Retired
Charles C. Girratana, California Teachers' Association
Lois Shive, California Teachers' Association

Loretta Toggenburger, United Teachers Los Angeles
Mary Ann Avansino, Executive Assistant

A quorum being present, Chairperson Lynes called the open session meeting to order at 9:40 a.m.

I. **ANNOUNCEMENTS** (Item 2)

Chairperson Lynes introduced Floyd Shimomura, representing the State Director of Finance.

II. **APPROVAL OF MINUTES OF THE NOVEMBER 4, 1998 INVESTMENT COMMITTEE, OPEN SESSION** (Item 3)

MOTION duly made by Mr. Mathiesen, seconded by Mr. Fenimore, and carried to approve the minutes of the November 4, 1998 Investment Committee, Open Session as presented. Mr. Shimomura abstained.

Mr. Whitmore arrived at the meeting at 9:45 a.m.

Mr. Angelides arrived at the meeting at 9:50 a.m.

III. **REAL ESTATE - PANEL ON MODERATE TO HIGH RISK REAL ESTATE**(Item 6)

Mr. Pleis introduced Messrs. Vought, Maddocks and Thomas. The panel presented information on the risks and returns of real estate development, obtaining returns on completed buildings, and obtaining high returns through joint venture investment structures. The panelists engaged in a group discussion with the Committee.

Chairperson Lynes recessed the meeting at 10:30 a.m.

The meeting reconvened at 10:45 a.m.

Mr. Angelides was not present when the meeting reconvened.

IV. **INTERNAL EQUITY – CASH EQUITIZATION POLICY** (Item 4)

Messrs. Tong and Mitchell discussed the written presentation on cash equitization. Discussion ensued.

MOTION duly made by Mr. Buenrostro, seconded by Mr. Fenimore, and carried to approve a resolution adopting the Cash Equitization Program Policies as presented.

Mr. Angelides returned to the meeting at 11:05 a.m.

V. **LEGISLATION** (Item 5)

There was nothing to report.

VI. **FIXED INCOME – HOME LOAN PROGRAM REPORT** (Item 7)

Ms. Cunningham and Mr. Shantic reviewed the written report.

VII. **CREDIT ENHANCEMENT - ACTIVITY STATUS REPORT** (Item 8)

Mr. Rose reviewed the written report and discussed credit enhancement and school bonds.

VIII. **REAL ESTATE - ACTIVITY STATUS REPORT** (Item 9)

Mr. Pleis presented the written report. Ms. Gerardo Lietz discussed calculation methods for IRR on opportunity funds.

IX. **ALTERNATIVE INVESTMENTS - ACTIVITY STATUS REPORT** (Item 10)

Mr. Desrochers presented the written report.

X. **QUARTERLY LITIGATION REPORT** (Item 11)

Mr. Waddell presented the written report.

XI. **REPORT OF THE CHIEF INVESTMENT OFFICER** (Item 12)

Mr. Mitchell reviewed the written report.

Ms. Okada distributed a list of the firms who have submitted proposals for the RFP for International Equity Manager(s).

XII. **OPPORTUNITY FOR STATEMENTS FROM THE PUBLIC** (Item 13)

There were no statements from the public.

XIII. **MOVE TO CLOSED SESSION**

Chairperson Lynes recessed the meeting at 12:15 p.m. and reconvened directly into closed session at 1:20 p.m.

XIV. **ADJOURNMENT**

Chairperson Lynes announced that while in closed session, the Committee discussed matters pertaining to investment decisions. There being no further business to conduct, Chairperson Lynes adjourned the meeting at 4:20 p.m.

James D. Mosman, Chief Executive Officer and Secretary to the
Teachers' Retirement Board

Gary Lynes, Chairperson